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25X1A

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CENTRAL INTELLIGENCE AGENCY

CONFIDENTIAL
INFORMATION REPORT

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REPORT NO.

25X1A

DATE DISTR

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(LISTED BELOW)

COUNTRY Rumania

SUBJECT Planned Rumanian Production of
Gunpowder

PLACE
ACQUIRED

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1. The Rumanian merchant, Karl Scharrenbreuch, desires to procure from the Ferrostaal firm in Essen, machinery, containers and electrical equipment which had been ordered by the Rumanian Government in 1943 for the gunpowder plant "Mupin", which had been built 170 kilometers north of Bucharest. The German occupation of Rumania ended before most of the equipment had been delivered, but it is still available at Ferrostaal. In the meantime, Scharrenbreuch stated, a pipeline of 300 kilometers long for the transmission of natural gas from Transylvania to this plant has been completed with the help of the Russians. Marmesmann pipe, which had been shipped from Germany in 1944, was used in the construction.
2. Scharrenbreuch now wants the Ferrostaal firm to deliver the previously ordered electrical plant, based on the use of butane gas. Furthermore, he sent them a list of desired machines for the production of nitro-cellulose, nitrogen, containers, et cetera, and offered either four million dollars worth of gold, which is in Switzerland, or, if Ferrostaal preferred, deliveries of bacon, maize, wheat, suet, and sunflower oil from Rumania.
3. It was repeatedly stated by Scharrenbreuch that the plant no longer planned to manufacture gunpowder and explosives, but would produce fertilizer. The German manager of Ferrostaal, Werner Delfendahl, claimed that it was impossible to determine, according to the lists of machinery submitted by the Rumanians, whether the plant would produce fertilizer or explosives.
4. In June 1948, Ferrostaal was contacted for negotiations by three associates of Scharrenbreuch, Wilhelm Nagel, a former German citizen but now a Rumanian Government agent; Alexander Minder, a Swiss citizen; Josef Hofeller, a German from Constance and former employee of the Reichswirtschaftsministerium.
5. Scharrenbreuch stated that he recently contacted British authorities in order to receive support for his business transaction in Essen, and was told the export by Ferrostaal would be approved if one million dollars of the four million dollars worth of machinery was ordered from England. He claimed if this deal was held up in any way, he would obtain the necessary authority for Ferrostaal to deliver the machinery to Rumania through his "Washington contacts".

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